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April 27, 2005

**VIA HAND DELIVERY**

Mr. Charles L. A. Terreni  
Chief Clerk and Administrator  
Public Service Commission of SC  
100 Executive Center, Suite 100  
Columbia, South Carolina 29210

**Re: SCE&G 2005 Gas Rate Case**  
Docket No.: 2005-113-G  
HSB File No.: 4381.218

Dear Mr. Terreni:

Attached for filing in the above-referenced docket are 25 copies of our amended Notice of Filing. The Notice of Filing that accompanied the Application failed to reference an adjustment in firm gas transportation rates that is proposed in the Application. Please substitute this amended Notice of Filing for the Notice of Filing submitted earlier.

Sincerely,



Belton T. Zeigler

BTZ/abm

Enclosures

cc: C. Lessie Hammonds, Esquire

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APPLICATION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY FOR AN  
ADJUSTMENT OF ITS RATES AND CHARGES FOR NATURAL GAS SERVICE,  
FOR NEW DEPRECIATION RATES AND CHANGES IN ITS TERMS AND  
CONDITIONS OF SERVICE

On April 26, 2005, South Carolina Electric & Gas Company (Applicant) filed an Application with the Public Service Commission of South Carolina (Commission) proposing changes in its rates, charges, and tariffs for natural gas service and proposing approval of new depreciation rates for its gas system. The Application proposes that the new rates be effective for bills rendered on or after November 1, 2005. The Application proposes an overall increase in revenues of \$28,482,731 or 7.09%. In addition, the Application proposes a new mechanism for accounting for revenues from interruptible industrial customers and capacity release transactions, new rates, a new rate design, and changes in its general terms and condition. The Application includes both a proposed and an alternative rate design and proposes closing gas lighting and gas air conditioning rates to new installations. The Application reflects a new pricing structure for firm transportation service which includes in the rates for that service the fixed cost of upstream capacity which otherwise would be borne by the firm shipper. The Application includes two new rates. The Residential Value Service Rate would apply to residential customers using 10 therms or more on average during the months of June, July and August. The Medium General Service Rate would apply to commercial, industrial, agricultural, religious and charitable customers with an average usage of more than 130

therms during that period. The General Service rate will apply to other commercial, industrial, agricultural, religious and charitable customers.

The Application was filed pursuant to S.C. Code Ann. Section 58-5-240 (1976), as amended and 26 S.C. Code Ann. Reg. 103-834, as amended, of the Public Service Commission of South Carolina's Rules of Practice and Procedure, and includes an election to have the rates established in this proceeding be subject to the provisions of the Natural Gas Rate Stabilization Act ("RSA"), Section 58-5-400 et seq. of the Code of Laws of South Carolina.

The Application sets forth the following information in support of the proposed rates:

1. The Applicant has not filed for a general increase in its base rates for natural gas service since 1989. In the intervening 16 years, the Applicant has continued to invest in its gas lines and other infrastructure to ensure that it can provide safe, reliable and efficient natural gas service to its customers. Since 1989, the number of customers on the Applicant's system has increased by 36% and the miles of gas mains operated by the Applicant has increased by 46%. Inflation has increased producer prices by 30% over the period, and has increased the Applicant's cost of operation.
2. The Applicant asserts that the present rates do not allow the Applicant to

earn a fair return on its investment in its gas system. For the adjusted test year ended December 31, 2004, the Company earned an overall 2.67% return on its gas operations. That return was not sufficient to recover the Company's cost of debt such that the Company's Return on Equity for the adjusted test period was a negative 1.11%.

3. The Applicant asserts that to maintain a safe, reliable and efficient gas distribution system, it must be able to access capital on reasonable terms, and compensatory rates are required to support the financial integrity of the system.

A copy of the Application and proposed rates and charges as well as the proposed terms and conditions of service, are on file in the offices of the Commission, 101 Executive Center Drive, Columbia, South Carolina, 29201, and the business offices of the Applicant. Exhibit A to this notice identifies the proposed and alternative rates and charges.

In order for testimony and evidence to be received from all interested parties, a public hearing will be held in the Commission's Hearing Room, at the address listed above, on \_\_\_\_\_, 2005 at 10:30 a.m.

Any person who wishes to testify and present evidence at the hearing concerning these matters should notify, in writing, the undersigned, and Mr. Francis P. Mood, General Counsel, South Carolina Electric & Gas, Columbia, South Carolina,

29218 on or before \_\_\_\_\_, 2005. Please refer to Docket No. 2005-113-G.

Any person who wishes to participate in the hearing as a party of record with the right of cross-examination should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure, on or before June \_\_\_, 2005.

Persons seeking information concerning the Commission's Practice and Procedure should contact the Commission in Columbia at (803) 896-5115.

Charles Terrini  
Executive Director  
Public Service Commission of  
South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina, 29211